

Message Text

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63 62

ACTION EUR-12

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 INR-07 EB-07

DLOS-06 OES-06 SAL-01 PRS-01 SSO-00 /067 W

----- 043840

P R 162329Z JUL 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 506

INFO AMCONSUL MONTREAL

S E C R E T OTTAWA 2924

MONTREAL PASS AMBASSADOR ENDERS

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY)

SUBJ: SECRETARY'S VISIT TO MONTREAL, JULY 30-31: SUBSTANTIVE
ASPECTS

REF: STATE 171133

1. ATMOSPHERICS: SECRETARY WILL BE MEETING MACEACHEN
SHORTLY AFTER RECENT ENCOUNTERS IN OSLO, NAIROBI,
PARIS AND PUERTO RICO. AGENDA THEREFORE CARRIES NO ACCUMUL-
ATED BURDEN, THOUGH WE BELIEVE (AS NOTED BELOW) THAT
SECRETARY COULD USEFULLY ADDRESS SEVERAL CURRENT PROB-
LEMS. MACEACHEN, FOR HIS PART, WILL BE IN MIDST OF
MID-SUMMER LULL: COMMONS ROSE ON JULY 14, NOT TO RE-
SUME UNTIL MID-OCTOBER. MACEACHEN MAY BE STILL SEN-
SITIVE TO DIFFICULTIES CREATED BY QUESTION OF TAIWAN'S
PARTICIPATION IN THE OLYMPICS, THOUGH AS AMBASSADOR
IS REPORTING SEPARATELY, PUBLICLY STATED VIEWS OF USG
DID NOT AROUSE ANY RESENTMENT AT HIGHEST LEVEL OF GOC.

2. DEPARTMENT MAY WISH TO REMIND SECRETARY THAT MAC-
EACHEN, AS IN PAST, WILL SEEK TO UTILIZE THIS ENCOUNNER
FOR DOMESTIC POLITICAL ADVANTAGE. TYPICALLY, NO MATTER
HOW INCONCLUSIVE DISCUSSION OF SPECIFIC ISSUES MAY BE,
MACEACHEN (ECHOED BY EXTAFF) WILL WISH TO PORTRAY
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ENCOUNTER AS FORMAL CONSULTATION TO JUSTIFY PUBLIC

CONTENTION THAT US/CANADIAN RELATIONS ARE UNPERTURBED BY SIGNIFICANT DISAGREEMENT.

3. AGENDA TOPICS: EXTAFF OFFICIALS TELL US THAT WHILE THEY HAVE PUT FORWARD SEVERAL MEMORANDA SUGGESTING TOPICS FOR DISCUSSION, MACEACHEN (GIVEN OLYMPICS PRE-OCCUPATION) HAS SO FAR INDICATED ONLY THAT HE HOPES TH SPEND HALF OF TIME ON BILATERAL MATTERS AND OTHER HALF ON MULTILATERAL. ONLY SURE BILATERAL STARTER IS ISSUE OF OFF-SHORE BOUNDARIES IN CONTEXT OF PLANNED FISHERIES ZONE EXTENSIONS BY BOTH COUNTRIES. ON MULTILATERAL SIDE, EXTAFF BELIEVES MACEACHEN WILL WISH TO DISCUSS CIEC AND NORTH/SOUTH DIALOGUE.

4. WE BELIEVE SECRETARY COULD USEFULLY ADDRESS FOLLOW-ING SUBJECTS:

A. LOS ISSUES (SPECIFICALLY BOUNDARIES/FISHERIES AND BEAUFORT SDA DRILLING;

B. GAS PIPELINES

C. POTASH

5. OFFSHORE BOUNDARIES/FISHERIES: IN MEETINGS BETWEEN GOC AND US LEGAL EXPERTS, GOC HAS EXPRESSED PREFERENCE TO DEAL WITH EQUITABLE DISTRIBUTION OF FISHING RESOURCES AND JOINT ADMINISTRATION/POLICING OF FISHERIES ZONES NOW, LEAVING FOR FUTURE RESOLUTION PROBLEMS OF DIS-PUTED BOUNDARIES AND CONTINENTAL SHELF. US HAS PRESSED FOR SETTLEMENT OF ALL THESE ISSUES ASAP GIVEN THEIR INTER-RELATIONSHIP. GULF OF MAINE IS PRINCIPAL PROBLEM AREA, ALTHOUGH BEAUFORT SEA AND SOUTHERN PANHANDLE OF ALASKA ALSO PRESENT PROBLEMS. SECRETARY MIGHT WISH TO STRESS US VIEW THAT ISSUES SHOULD BE RESOLVED IN ALL THEIR ASPECTS AT EARLY DATE REATHER THAN PIECEMEAL OVER TIME, PARTICULARLY AS SOME TRADE-OFFS MAY BE ESSENTIAL TO REACHING AGREEMENT IN ALL SECTORS.

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6. BEAUFORT SEA: GOC HAS INDICATED THAT AMCITS SEEKING COMPENSATION FOR DAMAGES IN EVENT OF BLOW-OUT FROM OIL DRIL-LING IN BEAUFORT SEA WOULD BE LIMITED TO \$10 MILLION CLAIM AGAINST BOND POSTED BY COMPANY, WHILE FIGURE AVAILABLE TO CANADIAN CITIZENS IS \$40 MILLION. SECRETARY SHOULD STRESS THAT EQUAL ACCESS FOR AMCITS TO TOTAL \$50 MILLION COMPENSATION FUND WOULD SEEM TO BE REASONABLE, WOULD DEMONSTRATE GOC COMMITMENT TO EQUITY TOWARD AMCITS WHO

POTENTIALLY ARE MORE THREATENED THAN CANADIANS, AND WOULD TEND TO MUTE CRITICISM WITHIN US FOR GOC FAILURE TO PROVIDE OPPORTUNITY FOR FULL PRIOR CONSULTATION ON ISSUE.

7. DEEP SEABED MINING: MACEACHEN MAY RAISE THIS ISSUE THOUGH WE RECOMMEND SECRETARY NOT DO SO. OFFICIAL-LEVEL EFFORTS TO RESOLVE US/CANADIAN DIFFERENCES HAVE NOT SUCCEEDED. CANADIANS BELIEVE THAT MARKET GROWTH, IN WHICH SEABED PRODUCTION COULD COMPETE WITH LAND-BASED, WOULD BE PEGGED AT 2 PERCENT, AND THAT SIX PERCENT FIGURE FAVORED BY US IS BASED ON FAULTY ESTIMATES AND COULD RESULT IN SEVERE DAMAGE TO CANADIAN LAND-BASED NICKEL MINING INDUSTRY. CANADIANS ARE ALSO WORRIED THAT SEABED PRODUCTION WOULD BE SUBSIDIZED, AND SUSPECT THAT US POSITION STEMS FROM MOTIVATION TO ENSURE SECURE SUPPLIES FREED FROM DEPENDENCE ON IMPORTS. SECRETARY COULD RESPOND BY: (A) STRESSING EQUITY OF US POSITION (B) INSISTING THAT LIMITATION BELOW SIX PERCENT IS TOTALLY UNACCEPTABLE POLITICALLY IN US AS WELL AS UNFEASIBLE IN VIEW OF CAPITAL INVESTMENT REQUIRED FOR DEEP SEABED MINING, (C) DENYING ANY USG INTENTION TO SUBSIDIZE SEABED MINING OR SEEK NICKEL AUTARKY, AND (D) URGING THAT GOC SOFTEN ITS POSITION IN INTEREST OF ACHIEVING SUCCESSFUL OUTCOME OF LOS AUGUST SESSION.

8. GAS PIPELINE: EMBASSY BELIEVES SECRETARY SHOULD TAKE THIS OPPORTUNITY TO REITERATE ONCE AGAIN NECESSITY FOR CANADA TO REACH SOME DECISION ON JOINT GAS PIPELINE. USG TIMETABLE IS CLEAR AND WE MUST MOVE IF WE ARE TO PREVENT SERIOUS INTERRUPTION IN PROVIDING GAS TO AMERICAN CONSUMERS. IF GOC IS INTERESTED IN JOINT PIPELINE, THEY SHOULD TELL US BY EARLY NEXT YEAR AT THE LATEST.

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9. POTASH: EMBASSY BELIEVES SECRETARY SHOULD REMIND MACEACHEN THAT THIS SUBJECT MUST BE CAREFULLY WATCHED. WE ARE PLEASED THAT COMPANIES AND PROVINCIAL GOVERNMENT ARE DISCUSSING PROBLEM TOGETHER. WE ARE NOT CONCERNED ABOUT RETURNING TO STATUS QUO ANTE, BUT WE ARE CONCERNED ABOUT PRECEDENT WHICH PROVISIONAL GOVERNMENT'S ACTIONS COULD SET. MOREOVER, WE MUST CONSIDER SECURITY OF SUPPLY AND LOOK TO DIVERSIFICATION OF OUR SOURCES. SECRETARY MIGHT ASK MACEACHEN'S VIEWS ON TAX STATUS OF CORNW CORPORATION. IN SHORT, WE WOULD HOPE THAT SECRETARY WILL URGE CONTINUING CANADIAN FEDERAL GOVERNMENT INTEREST IN THIS ISSUE.

10. BORDER TV: SECRETARY MIGHT MENTION THAT BORDER

TV QUESTION IS TILL OF GREAT CONCERN IN US, AND URGE
MACEACHEN TO HAVE IT GIVEN GREATER URGENCY BY THE GOC.
IN PARTICULAR, SECRETARY MIGHT EMPHASIZE DESIRABILITY
OF PROMPT SECOND BILATERAL MEETING AND OF GOC COMING
UP WITH PROPOSAL TO WHICH USG MIGHT RESPOND. FURTHER
BACKGROUND: FOLLOWING SECRETARY'S RAISING OF ISSUE
DURING OTTAWA MEETING LAST OCTOBER, CONSULTATION WAS
HELD AT WHICH US DELEGATION PRESENTED ITS VIEWS ON
DELETION OF COMMERCIALS AND REQUESTED THAT TAX CHARGES
UNDER CONSIDERATION NOT BE IMPLEMENTED WHILE TALKS
WERE GOING ON. MEETING WAS REASONABLY SUCCESSFUL
IN THAT GOC AGREED TO HEAR PROPOSALS FROM US STATIONS
TO MEET CANADIAN OBJECTIVES WITHOUT ENFORCING DELETION.
THESE PROPOSALS WERE MADE IN MARCH AND HAVE NOT
BEEN RESPONDED TO YET, ALTHOUGH WE UNDERSTAND GOC,
AT LEAST AT OFFICIAL LEVAL, IS NOT HAPPY. WE HAVE BEEN UN-
SUCCESSFUL TO DATE IN GETTING GOC TO AGREE TO SECOND MEETING
(WHICH WE WOULD HAVE LIKED TO HOLD IN JULY FOR U.S.
DOMESTIC REASONS) OR TO COME UP WITH COUNTER PROPOSALS
IF THEY WILL NOT ACCEPT OURS.
ENDERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OTTAWA02924
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760275-0822
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760750/aaaabrxg.tel
Line Count: 190
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: 76 STATE 171133
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 12 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 APR 2004 by greeneet>; APPROVED <03 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECRETARY'S VISIT TO MONTREAL, JULY 30-31: SUBSTANTIVE ASPECTS
TAGS: OVIP, (KISSINGER, HENRY)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006